

Vacancy Decontrol Application **Instructional Guide**

Qualifications:

A landlord may raise the rent in excess of the annual allowable increase (CPI-consumer price index) under the following circumstances:

- *If the previous tenant has vacated the unit voluntarily or through a legal eviction*

AND

- *The landlord has submitted a vacancy decontrol application to the Rent Control Office and it has been approved.*

ALL APPLICATIONS MUST BE SUBMITTED TO THE RENT CONTROL OFFICE 45 DAYS FROM THE DATE OF RE-RENTING IN ORDER TO BE APPROVED

Application Information:

Page 1

Owner Information:

Provide the name of the owner of the property, the owner's mailing address and daytime phone number.

Vacating Unit Information:

The "vacating unit" is the unit from which a tenant(s) has either moved out of or will be moving out at the end of their tenancy.

- Provide the address and unit # for which this application applies. (One application per unit is required).
- Provide the BASE RENT that was paid by the tenant who moved out of the vacating unit. (Base rent does not include
- Provide amount of hardship and capital improvement surcharges, if there are any.
- How many years ago did this unit originally become a rental unit? Check ONE of the boxes on the form.
- Provide the date for start of the lease term for the new tenant who moved into the unit after it was rehabilitated.
 - If the unit is not yet occupied, list the unit as vacant, however the landlord is responsible for updating this information to the Rent Control Office once a lease is signed.
 - In order to qualify for decontrol of the unit, this application must be filed with the Rent Control Office within **45 days** of the start of the lease with the new tenant.

SELECTING THE TYPE OF DECONTROL

1. Vacancy Adjustment Request:

- Unit qualifies every 24 months (2 years) on a vacant unit.
- No improvements to unit are required to be documented.

Increase is calculated from the annual CPI + 4% adjustment factor

Example: 2006 annual allowable increase is 3.1% + 4% = 7.1% increase.

(If the unit was approved for a Market Decontrol the previous year, it is only allowed the annual increase this year).

1. Provide the date of Most Recent Vacancy Adjustment. When was the last time a vacancy adjustment, which is the base rent plus 4% increase, was granted for this unit? Put this date in the box.

2. Base Rent Increase Amount: This figure changes annually, but is supplied on the form. Please make sure you have the current year's form.

3. Adjustment Factor of 4%: This figure is supplied on the form and remains a constant.

4. **Vacancy Adjustment Increase:** This is the maximum percentage rent increase allowed through a vacancy adjustment. This figure changes annually. Please make sure you have the current year's form.

5. **Base Rent:** Copy the base rent amount you entered above and re-enter it here

6. **Allowable Increase:** Calculate the allowable increase by multiplying the Vacancy Adjustment Increase (#4) by the Base Rent (#5)

7. **New Adjusted Rent:** Add the Allowable Increase (#6) to the Base Rent (#5). This is the maximum rent allowed to be charged for this unit after the Vacancy Adjustment is approved.

Voluntary Vacancy Certification:

Page 2

1. You, as the owner/landlord, certify that the address and unit are vacated by one of the 3 criteria as listed on the certification page.

2. Must be signed and notarized

Notice to the "NEW" Tenant:

Page 3

1. **Notice by landlord to tenant:** (at least one adult) in writing of any VDC application or approval by regular and certified mail that a Vacancy Decontrol Application has been filed or approved with the Rent Control Office.

2. **Notarized statement by landlord to the Rent Control Office:** This statement is a part of the application to verify that proper notice to tenant(s) has been made.

3. Our application, page 3, provides both of the above. We must receive the original, notarized page back. You, as the landlord, may copy this and send as required to the tenant.

OR

2. Market Decontrol Request

- Qualifies if the vacating unit has NOT been granted a Market Decontrol in the past 5 YEARS
- Owner has made investments into the unit or to the common space (pro rated over multiple units) of at least 15% of the vacating tenants annual rent.
Example: If vacating tenants rent was \$1,000.00 x 12 months = \$12,000.00 annual rent. $12,000.00 \times 15\% = \$1,800.00$ of investments over the past 5 years.

Owner must provide copies of payments made and/or receipts documenting the improvements to this unit.

Property Maintenance items (such as painting and maintaining unit) are not applicable.

1. Provide the date of Most Recent Market Decontrol. When was the last time this unit was decontrolled to market? i.e., when was the last time the rent was permitted to be increased without any restriction on the increase? Write this date in the box.

2. Annual Rent for the Previous Year: Please note in the appropriate space what the total rent was charged for the previous 12 months.

3. 15% of Annual Rent: Calculate this value by multiplying the Annual Rent (#2) by 0.15.

This is the minimum amount that must have invested in this unit during the past 60 months in order to qualify for a Market Decontrol.

4. Actual Investment in Improvements to THIS unit for the past 60 months: Provide documentation of this amount and write the total amount into the box on the form.

In order to qualify for a Market Decontrol, the investment amount must be equal to or greater than 15% of the annual rent entered in #3 above.

5. Provide dated receipts, contracts, cancelled checks, etc. to document these costs. If the owner has performed the improvement work himself/herself, they may include a labor cost of 150% of the documented cost of materials they have installed.

If investments were made to common areas, such as a parking area or to a common system, such as a roof in a multi-family building, this investment must be pro-rated over the total number of units in the building. The common area share for the unit to be decontrolled is calculated by adding up the total investment in common areas or systems and then dividing this total by the number of units in the property.

For example, if a new roof is put on a 4-family house at a cost of \$10,000, the share of this cost that can be allocated to the unit for which decontrol is sought is \$2,500 (\$10,000 divided by 4 units = \$2,500).

6. New Market Rent for this unit: Enter the new decontrolled market rent per month that is being charged for this unit. (Market rent means whatever the market will bear)

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*Please be aware that **you may** submit your vacancy decontrol application prior to having a tenant sign a lease, **however**, you will only receive a 'Conditional Approval' based on receiving the following information:*

- ◆ *New Lease Date*
- ◆ *Actual Monthly Rent for either a Vacancy Adjustment or a Market Decontrol*
- ◆ *Notice to the New Tenant*

This information is the responsibility of the landlord to provide our office. If this information is not received, the Vacancy Decontrol will be denied and the rent returned to the allowable, which include the CPI and a refund to the tenants.